

MEETING MINUTES CITY OF MILPITAS

Minutes of: Special Meeting of Milpitas City Council
Date: Tuesday, February 26, 2019
Time: 6:00 PM
Location: Council Chambers, Milpitas City Hall,
455 East Calaveras Blvd., Milpitas

CALL TO ORDER

Mayor Tran called the meeting to order at 6:01 PM. City Clerk Mary Lavelle called the roll.

PRESENT: Mayor Tran, Vice Mayor Dominguez, Councilmembers Montano and Nuñez

ABSENT: Councilmember Phan was absent at roll call, and arrived at 6:05 PM.

Deputy City Attorney Heather Lee from BB&K law firm was serving as City Attorney at this meeting, in place of City Attorney Chris Diaz.

APPROVAL OF AGENDA

Motion: to approve the meeting agenda, as submitted

Motion/Second: Vice Mayor Dominguez/Councilmember Nuñez

Motion carried by a vote of: AYES: 4
NOES: 0
ABSENT: 1 (Phan)

PUBLIC FORUM

None.

1. Residential Short Term Rental Regulations

Economic Development Coordinator Daniel Degu addressed the Council on community engagement efforts regarding the issue of short term residential rentals. Staff provided a recommendation to the Council on regulation of such rentals via adoption of an ordinance. 341 short term rentals were found online, when researched by staff, which were primarily rooms in single family homes. Eight types of regulations could be considered, and the City already had two of those while they were not enforced. Further limitations were possible. Mr. Degu listed eight questions for the Council's consideration.

Mayor Tran was supportive of the agenda item and having short term rentals in the city.

Councilmember Nuñez asked for some clarifications. He thanked staff for thorough information provided. He saw opportunity for dollars to come in to the city from this regulation.

Vice Mayor Dominguez asked about costs for the use of a third party vendor. Mr. Degu replied he could look into that and get back to Council.

Councilmember Phan asked – regarding long term rentals – was there any revenue to the City? Staff replied no, if the rental was longer than 30 days (no Transient Occupancy Tax). Mr. Phan asked if there could be incentives to encourage owners of rental units to rent long term since there was a housing shortage in the area. He supported regulation of Air B'n'B type rentals, while he was concerned about the greater needs for housing in the City.

City Manager Edmonds-Mares commented on the need for fairness and equity with businesses that paid for a business license and collection of Transient Occupancy Tax. Council could maybe consider limiting the number of days per year for rentals, to help the neighborhoods.

Councilmember Montano noted the newly adopted Transient Occupancy Tax (TOT) rate at 14%, with competition for hotels and more automobiles in the neighborhoods. Economic benefits were to be gained, considering short term rentals as potentially helpful but with some drawbacks.

Vice Mayor Dominguez asked who controlled the possible 60 days versus 30 days stay at a unit, and how would it be known to collect TOT or not. She mentioned converted garages being rented out as Air B'n'B units with no permit, and wanted to know about parking constraints at these short term rentals, too.

Councilmember Montano asked if regulations were passed, would money be put into a special fund and the City Manager replied: into the General Fund. Ms. Montano suggested that money could be put into a special fund to be used for affordable housing.

Councilmember Phan asked if there could be a Housing Impact Fee for hotels and rooms rented, so as not to dilute available housing. That could be explored, such as in Redwood City.

Councilmember Nuñez asked what direction staff sought. Mr. Degu displayed a slide with three policy options for Council's consideration regarding regulation: to amend the zoning code to allow short term rentals (direct City Manager to explore voluntary collection agreement with Air B'n'B), to amend zoning code to prohibit all transitory lodgings, or to exempt short term rentals from all local regulation except business license and hotel tax. Mr. Nuñez supported Option 1 as did the Mayor.

Motion: to direct staff to return to City Council with recommendation to adopt an ordinance that would permit short term residential rentals under local regulations

Motion/Second: Councilmember Montano/Councilmember Phan

Motion carried by a vote of: AYES: 5
NOES: 0

At this time, Deputy City Attorney Heather Lee asked the Mayor and Councilmembers for disclosure on any conflicts of interest or campaign contributions from any entity on the agenda and none were reported.

4. FY 2018-19 Mid Year Budget review & Resolution

Assistant City Manager Ashwini Katak presented Recommended Ongoing funding requests at the MidYear for the Fiscal Year 2018-19's budget. She displayed staffing requests in four City departments: Human Resources, Fire, Police, and Recreation. Ms. Katak listed the mid-year phase II summary of approximately \$1,000,000 in spending requests. Action on requested classification changes were sought at this meeting by Council Resolution.

Staff discussed FY 2018-19 General Fund Reserves which were healthy, along with a revised 5-year projection (which would come back to City Council soon). Urgent needs were requested for funding at this meeting, with non-urgent requests to be included in the future FY 2019-20 budget proposal.

Budget Manager Feliser Lee reviewed key upcoming dates for budget planning and development of the FY 2019-20 budget, with four recommendations.

Mayor Tran commented and was especially supportive of needs in Human Resources with regard to recruiting employees.

Regarding a request for Community Services Officers (CSO) in the Police Department, Councilmember Phan asked if it was a pilot program, and Police Chief Corpuz said no. It was a request of staff to support officers and the community, as the need was growing around the new BART station. The Chief explained further use of the CSOs, if approved and hired.

Councilmember Phan asked Human Resources Director Liz Brown some questions on staff requested. He asked if the Assistant Human Resources Director would fill the role of labor negotiator and about the process on grievances in this city.

Vice Mayor Dominguez advocated for a third party for complaints, as was happening in other government agencies, out of Human Resources and to be transparent with process. On the Assistant Director position, she noted City staff were under the City Manager and Councilmembers go through her to ask questions. She felt this request was “top heavy” and not what the community needed. To get things done, HR needed more staff “at the bottom” not more management. Ms. Brown responded on staff needed, risk, and job titles that could vary.

Councilmember Nuñez agreed with his colleagues and asked for explanation of reclassifications on firefighters, related to a new tiller truck. Fire Chief Sherrard reported that the new vehicle was due to be delivered and a higher level of expertise was needed for operating it. The request included the new job classification of Fire Engineer with a slight change in salary.

Councilmember Nuñez asked the Police Chief how the police services would grow with the CSOs, and tasks they could do. Then, Police Officers can stay focused on crime and other high priority work. Mr. Nuñez clarified they would not be armed and did not have any power to make arrests and the Chief agreed they would be non-sworn personnel.

Councilmember Montano requested more information on the CSOs, and emphasized the need to hire bilingual staff especially at the high school. She wanted to be frugal and cost effective, and be sure not to overspend. She did not support the cost for the HR request while Council needed to watch spending and did not support two new HR positions.

City Manager Edmonds-Mares responded to many of the Council’s remarks, reviewing for the elected officials what the rationale for these positions was explicitly. She emphasized the need for updated policies in Human Resources, along with new policy development.

Councilmember Nuñez clarified expenditure requests noting immediate costs versus ongoing costs, as identified. He agreed with all the staff requests, including changes suggested by the City Manager. He suggested getting policy information from the League of Cities. On the Recreation Services staff item, maybe it was not needed at this time and could wait for the regular budget cycle discussion.

Motion: to approve the following actions:

1. Received staff report on Updated Five-Year Projection and General Fund Reserves for Fiscal Year ending June 30, 2019.
2. Approved budget changes to update FY 2018-19 Revenues and Expenditures as presented; and appropriated FY 2018-19 Midyear Phase II Budget adjustments including two capital expenditures and one CIP funding need (both one-time expenditures).
3. Adopted Resolution No. 8846 amending the City’s Classification Plan, establishing new classifications, position authorizations and reclassifications for Police and Fire departments. Did not approve new classification nor funding for Assistant Human Resources Director nor reclassification of a Recreation Services position. Directed staff to return to City Council with new classification for Labor Relations position in Human Resources.
4. Received a report on the use of the contingency reserve.

Motion/Second:

Councilmember Montano/Councilmember Nuñez

Motion carried by a vote of:

AYES: 4

NOES: 1 (Phan)

5. Alta Planning Agreement for Trails Master Plan and Pedestrian Plan

City Engineer Steve Erickson explained that approval was sought for a budget appropriation of \$110,000 from the FY 2017-18 General Fund surplus toward the Trails and Bikeway Master Plan and to authorize the City Manager to sign a contract with Alta Planning.

Councilmember Montano asked staff to add the Open Space Authority to the list for seeking grants for the trails.

Motion: to approve a budget appropriation of \$110,000 from the FY 2018-19 estimated General Fund surplus to Trails and Bikeway Master Plan Update, Project No. 3448; and to authorize the City Manager to execute a Consultant Services Agreement with Alta Planning and Design in the amount of \$193,183 for Professional Services for the Trails and Bikeway Master Plan Update, Project No. 3448

Motion/Second: Councilmember Montano/Vice Mayor Dominguez

Motion carried by a vote of: AYES: 5
NOES: 0

REPORTS

2. Mayor Appointments to Commissions

Vice Mayor Dominguez supported recommendations put forward by the Mayor for appointment to two seats on the Milpitas Planning Commission.

Mayor Tran stated he wanted to appoint a couple persons each month to Commissions, including on the Planning Commission, with his goal to add more women on the Planning Commission.

Councilmembers discussed varying approaches to interviewing and considering Commission applicants for appointment. Councilmember Montano sought to have formal interviews in public of the Planning Commission applicants, while others wished to allow for one appointment by each Councilmember.

Motion: per Mayor's recommendations, newly appoint Bill Chuan (term expires end of December 2020) and Timothy Alcorn (term expires end of December 2021) to the Planning Commission, and re-appoint Commissioners Denny Weisgerber, Ed Ackerman, Liliana Ramos and William Devereux to new terms of 3 years (expiring in February of 2022) each on the Milpitas Veterans Commission

Motion/Second: Vice Mayor Dominguez/Councilmember Nuñez

Motion carried by a vote of: AYES: 5
NOES: 0

3. City Council Subcommittees

Councilmembers responded to the proposed list of three Council Subcommittees that Mayor Tran had put forward (in the agenda packet).

Councilmember Nuñez recommended that the Finance Subcommittee review all contracts and expenditures over \$100,000 and review the City Manager's credit card statements. Those should be available to the public to see, and the City Manager responded she could send that to the full City Council and post the records on the website. Then, the Subcommittee would be scheduled to meet only as needed.

Motion: to approve the Mayor's list of three subcommittees and the appointment of Mayor Tran and Councilmember Montano to the Finance Subcommittee, City/School Communication Committee, and Transportation Subcommittee, to maintain the Subcommittee on Cannabis (Councilmembers Phan and Nuñez), and to post financial items online allowing the Finance Subcommittee to meet only as needed

Motion/Second: Councilmember Nuñez/Councilmember Montano

Motion carried by a vote of: AYES: 5
NOES: 0

ADJOURNMENT

Mayor Tran adjourned the special meeting at 9:44 PM in honor of Adrian Ranger, from the community of Sunnyhills, who'd recently passed away.

The foregoing minutes were approved by Milpitas City Council on March 19, 2019.

Mary Lavelle
Milpitas City Clerk